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USAWC MILITARY STUDIES PROGRAM

THE INADEQUACY OF PROJECTED MILITARY COMPENSATION CASTS
FOREBODING SHADOW OVER THE ALL VOLUNTEER FORCE

INDIVIDUAL ESSAY

by

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ABSTRACT

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A sustained improvement in the US national economy now widely accepted as real, declining manpower in the recruiting market, the programmed increase in military force structure, continued erosion of the military retirement plan and other military benefits and most significantly, the failure of military compensation to maintain comparability with the private sector will place the viability of the AVF at risk. This essay provides a miniprecis of significant factors on how the Congress has raised and supported manpower for our armies in our history and attempts to unravel the confusion surrounding what is meant by military versus civilian pay comparability. The lessons learned in military compensation of the AVF during the late 1970's is briefly addressed and a view of the future of the AVF in light of the current Administration's military pay freeze is forecast. Finally, recommendations regarding military compensation are suggested.



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January 1983 came as rude awakening for the men and women serving our nation in the armed forces. Our Commander-in-Chief and the Secretary of Defense announced a pay freeze for federal civilian and military employees as part of the Administration's 1984 budget submission to the Congress. Seemingly uncharacteristic for this Administration, which had initiated much to restore a credible US/USSR military balance generally and pride in military service specifically, the sacrifice requested servicemembers to forgo a Pentagon projected 7.6 percent pay raise for 1 October 1984, for the purpose, in the words of Secretary Weinberger, "to reduce the national deficit in an effort to restore our nation's economy to long-term real growth."¹ This action amounts to an approximate \$2.9 billion savings to permit along with other cuts, a \$238.6 billion defense budget request.² What amplified the shock of disbelieving servicemembers' ears and their double takes of news media headlines were that the Service chiefs were not afforded the courtesy of prior consultation or even being prior warned about the Administration's announcement of the proposal. Furthermore, the Administration's proposal came despite the fact that the Congress, when it passed the Omnibus Reconciliation Act of Fiscal Year (FY) 1983, set budget targets for FY 1983, 1984 and 1985 at a recommended 4 percent military pay raise for each year. The President approved the 4 percent raise for 1983 rather than the 8 percent he recommended, but said he did not feel bound to the same 4 percent increase for fiscal years 1984 and 1985. Since the congressionally approved 1983 pay raise was less than that asked for by the President, the perception created among servicemembers was that he would ask for more than 4 percent in subsequent years not less.

If the Administration's current budget recommendation of no pay raise for military and federal civilian workers is approved by the Congress this will be the first time since 1964 that federal workers will not have received at least a nominal boost in their compensation.³ This Administration has consistently supported the position that the viability of the All Volunteer Force (AVF) is contingent on military pay being set at levels that reflect what military personnel could reasonably expect to earn in the civilian workplace. The no pay raise proposal for FY 84 is not consistent with that premise.

The purpose of this essay is to demonstrate that the nation's capability to attract and maintain the quality and quantity of men and women to serve in today's AVF is doomed if military compensation fails to keep pace with civilian workplace compensation. It will provide a miniprecis of significant factors on how the Congress has raised and supported manpower for our armies in our history and attempt to unravel the confusion surrounding what is meant by military versus civilian pay comparability. The lessons learned in military compensation of the AVF during the late 1970s will be briefly addressed and a view of the future of the AVF in light of the current Administration's unfortunate no pay proposal for FY 84 will be forecast. Finally, recommendations regarding military compensation will be suggested.

The return to an AVF during the Nixon administration was actually a return to normalcy for our nation and not an aberration from the way we have raised armed forces. What made it seem so uncharacteristic for many was that we had been operating under conscription since WW II and that it just didn't feel right to revert to a smaller AVF in the face of worldwide political and military commitments. Nevertheless, our country had been catapulted to preeminent rank among world nations at the conclusion of WW II and worldwide commitments has become our legacy.

Throughout our history, state and federal governments have compelled service to meet emergencies. However, a permanent comprehensive peacetime draft, such as we had known since 1948, was a recent departure. The Founding Fathers feared conscription by the central government would lead to unnecessary abridgement of religious and political freedoms. Hence, the War of Independence was fought almost entirely by volunteers who were attracted by bounties either to the states' militia or the Continental Army. Setting a pattern of rapid post-war demobilization which has recurred throughout our history until WW II, the Continental Congress reduced the standing army almost literally to a corporal's guard. The modus operandi established to raise armies thereafter was to induce volunteers to serve by paying bounties and until the Civil War, there was no draft. That War, the greatest conflict ever waged on this continent, was largely fought by volunteers on both sides. True draftees accounted for only 2.3 percent of the military manpower raised by the North. In theory, the South had universal conscription. However, because of a wide range of exemptions only 170,000 men were conscripts out of the 1.2 million who served in the Confederate Army. The system of compulsory service instituted in 1863 was born of necessity but was far short of being comprehensive. In both 1917 and 1940 the draft emerged as a wartime expedience and in 1948, the Selective Service System was revived to maintain preparedness for the cold war crisis. After the Korean War, it remained in existence and was once again an important source of manpower when the nation became deeply involved in the Vietnam War. The legality of the draft throughout our history was consistently challenged each time it was imposed. The issue was conclusively put to bed in 1968 when the Supreme Court said in *US versus O'Brien*:

The Constitutional power of Congress to raise and support armies and to make all laws necessary and proper to that end is broad

and sweeping. . . . The power of Congress to classify and conscript manpower for military service is beyond question.⁴

The draft, each time it has been imposed, enabled the government to keep military pay at levels significantly lower than civilian wages.⁵

The United States returned to its traditional peacetime practice of maintaining an AVF when on 27 January 1973, Secretary of Defense Melvin R. Laird announced that the armed forces would henceforth depend exclusively on volunteers. The decision to move back to an AVF was tentatively made prior to 27 March 1969, when President Nixon appointed a commission to study the AVF under chairmanship of the Honorable Thomas S. Gates, Jr., formerly Secretary of Defense. The President charged the commission with developing a comprehensive plan for eliminating conscription and moving toward an AVF.⁶ It is interesting to note that Chairman Gates, in submitting the Commission's report to the president on 20 February 1970, included a strongly worded recommendation regarding military pay:

We unanimously believe that the nation's interests will be better served by an all-volunteer force, supported by a stand-by draft . . . and that the first indispensable step is to remove the present inequity in the pay of men serving their first term in the armed forces.⁷

With the implementation of the AVF came an implicit commitment by the Nixon and each succeeding Administration to maintain levels of military pay for all servicemembers that were competitive with the pay offered by the civilian sectors of the economy. President Reagan has strongly supported this commitment. Defense Secretary Weinberger and Doctor Lawrence J. Korb, Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics have frequently underscored this support in their testimonies before the Congress. What is meant by pay comparability or competitiveness between military and civilian sector pay?

Before addressing this question it is important to recognize that the principal purpose of any compensation system is to attract and retain the desired numbers and kinds of personnel with desired skills in an equitable, yet cost effective manner. If employee compensation is not perceived as equitable then, in the long run, an employer will be unable to attract and retain sufficient personnel of desired quality. If military compensation is not comparable to civilian opportunities, the ability of the Services to attract and retain the desired numbers and kinds of people will be degraded.

Doctor Korb, speaking for the Administration, recently stated that the factors that will determine future military pay raises are fairness and competitiveness and that comparability is a way of measuring fairness. Service pay officials have interpreted his remarks to mean comparability is to pay raises as competitiveness is to pay freezes.⁸ In order to avoid the morass of the battle of semantics, for the purposes of this paper the position adopted by the January 1981 Joint OSD/Services Military Pay Adequacy Study Group will be used. It states simply that "competitive" and "comparable" compensation systems are equivalent descriptions of the same principle when this criterion is recognized.

To provide a response to the question of what is meant by military/civilian pay comparability is a herculean task. With the advent of the AVF this question has been continuously studied by government and independent research organizations. The linkage used by the government to compare civilian to military salaries has undergone numerous evolutionary changes. Therefore a short word picture of the nature of the problem is in order.

Military pay can be an elusive target when one attempts to fix it in place in order to draw parallels to civilian wages for a basis of comparison. The major elements of military pay are basic pay, a basic allowance for quarters (BAQ), basic allowance for subsistence (BAS), and a variable housing

allowance (VHA) or overseas housing allowance (HA). Only the basic pay is subject to federal income tax. The amounts of BAO, BAS, VHA/HA vary according to a servicemembers rank, marital status, and duty location. The basic pay changes with rank and time in service and there are numerous incentive and special pays in addition to the basics for people in certain skills and assignments. There are various allowances for cost of living in certain overseas areas, family separations and clothing, among others. Considerations must be made for medical care, death and survivor programs, retirement benefits, commissary and exchange privileges, liberal leave and holidays, space available travel and various morale, welfare and recreation activities, among others. A significant pay item for many military members, principally enlisted, are enlistment and reenlistment bonuses. The list which defies standardization goes on and on.

Methods to gauge civilian sector pay as a basis for comparison are no less difficult than those for military pay and a variety of methods and techniques are used in the private sector for setting pay. For approximately 25 percent of the work force who are union members, wages and benefits are set by collective bargaining. For many clerical, professional, and management personnel, salaries are determined through the process of job evaluation and salary surveys. Jobs within some firms are rated or graded and data are collected on salary levels of like rated jobs in other firms. Through this evaluation and salary survey system, private industry firms attempt to maintain competitiveness within the labor markets. Private industry firms also take into account other criteria, such as profitability, worker productivity, and cost-of-living changes in setting wages and benefit levels. Sometimes the hazardous nature of the job is a consideration for increased wages.

Levels of compensation for the hazardous nature of military service in relation to the vast majority of civilian jobs with exceptions for police, fire and rescue workers defy comparison. This is especially so when folding in the monetary value for ingredients such as patriotism and service to the nation. Now more enlightened regarding the difficulty in making civilian/military pay comparisons let's go back to when the linkage was first established.

In 1967, a law was enacted which established the procedure for General Schedule (GS Federal Civil Service Employees) wage comparability with the private sector through a tailored survey of salary changes of Professional, Administrative, Technical, and Clerical (PATC) workers. In that same year, military pay increases were indexed by law to the average GS salary increase. The latter law, commonly known as the Rivers Amendment, did not set military pay at levels which were comparable to the private sector for equivalent levels of work; it merely ensured that future military increases in pay would keep pace with civil service salary increases and, therefore, in theory, with increases in the private sector economy. The Rivers Amendment worked as intended through January 1971. However, when a decision was made to transition to the AVF, Congress realized existing military pay levels would be inadequate to achieve zero draft calls and enacted an out-of-cycle "comparability" raise effective in November 1971. Because of the delay between development of the legislation and its enactment, the November 1971 raise only raised military pay to the March 1970 private sector levels. Through operation of the Rivers Amendment, the military and federal civilian employees received another increase on 1 January 1972 setting military pay comparable to March 1971 private sector levels. As a result, 1 January 1972 is the generally agreed upon date for military/civilian pay comparability.⁹ The PATC survey has been used until this day as the indirect means to compare military and civilian salaries.

The issue of a suitable military pay adjustment mechanism was frequently addressed during the late 1970s. More recently, one of the findings of the January 1981 Joint OSD/Services Military Pay Adequacy Study Group was that the PATC survey is unrepresentative of military job specialties. The study concluded that military pay raises should be linked directly with private sector increases and that further effort is required to refine military and civilian job specialty matches.¹⁰ In April 1982 a joint Service study group which was formed to determine an appropriate pay raise adjustment mechanism reported its results after thoroughly subjecting twelve candidate indexes and surveys to review and analysis. The study group recommended legislation to eliminate the current military tie to GS employees and implement a military pay adjustment mechanism which reflects private sector wage changes as measured by the Employment Cost Index (ECI).¹¹ The ECI is a relatively new (initiated in 1975), but highly regarded wage survey which was recommended by the Bureau of Labor Statistics, General Accounting Office, Office of Management and Budget and others. It has gained a solid reputation as a valid national indicator of wage change and covers a broad spectrum of occupations and represents the movement of wage change for about 88 million workers in the United States including 13 million state, city and local government employees. It covers all major worker categories except farm, private household, and federal government workers and encompasses occupations which represent 70 percent of the military force.¹² The ECI will probably be adopted by the Congress as the new military pay adjustment mechanism for three reasons. Firstly, it is a better representative of military/civilian occupation than PATC. Secondly, it makes sense to compare the over two million servicemembers directly to the private sector instead

of the awkward connection indirectly via GS employees. Finally, it has projected pay increases at a slightly lower rate than PATC.

When the military-PATC relationship was established by the Rivers Amendment it was contemplated that this pay raise mechanism would create a stable military pay adjustment process for the future. In reality, since the generally recognized establishment of comparability in January 1972, this linkage was only exercised as intended in October 1972, 1973 and 1974. In every other year since then, an alternative means was used to adjust pay. In 1975 the federal civilian, and thus the military pay raise, was capped at 5.0 percent; 8.66 percent was required for comparability. In 1976, the President's Pay Agent adopted a revised data weighting system which changed the 1972 federal civilian baseline for comparability. This effectively served to redefine "comparability" between GS employees and PATC, thereby eliminating the deficit from the 1975 pay cap. Since the 1976 military pay raise was linked to civil service pay the military pay increase in that year was also limited to 4.83 percent; the problem was further aggravated when President Ford exercised his right to reallocate 25 percent of the military basic pay increase into BAQ. This measure saved money for the Administration because the majority of military members are batchelor enlisted personnel who do not receive BAQ. Furthermore, the action created a perception of erosion of benefits by the career force in that only the basic pay is used to determine retired or retainer pay after 20 years service. In 1977 the Carter administration reallocated twelve percent of the military basic pay increase to BAQ. In 1978 the military pay raise was capped at 5.5 percent; 12.9 percent was needed to restore the 1972 relationship to PATC. In 1979 the military pay raise was capped at 7.02 percent; 15.3 percent was needed to restore the 1972 relationship to PATC. The cumulative effect of these pay caps and reallocations was that by

September 1980 military pay had fallen approximately 17.6 percent behind private sector workers as measured by the PATC survey to which military pay had been indirectly linked since 1972.¹³

The turbulence, uncertainty, and deterioration in the military pay process in the 1970s took its toll in terms of unsatisfactory recruiting and retention of personnel. By FY 1979 all Services missed their recruiting goals (including the Air Force for the first time since the inception of the AVF). Further, the dramatic exodus of experienced midcareer officers and enlisted members led to a reduced readiness posture in all the Services. Service exit/separation surveys conducted during the period 1975-1979 identified a direct correlation between the erosion of the value of military pay and the decidedly negative retention trends experienced by all Services. Subsequent surveys taken during 1979 and 1980 identified dissatisfaction with compensation as the single most important factor in the decision to leave the service.¹⁴

An unacceptable product of the retention decline was the irreplaceable "loss of experience" because large numbers of mid-career members left the service. Since the Services have a minimum capability for lateral input and must "grow their own," the loss of experienced personnel in the critical technical areas takes many years to replace. For example, between 1975 and 1979 army career retention of NCOs in armor and infantry fell from 74% to 50%. The Air Force pilot inventory went from a surplus of 5,000 in 1975 to a deficit of 1,300 in 1979 dropping the experience level by 17%. Their enlisted force lost 83,000 in 1979 alone which equates to one of every four senior maintenance supervisors. The Navy pilot inventory dropped from 12,240 to 9,200 and the enlisted force lost 105,000 in 1979. That was a 21 percent decline in senior enlisted experience. The Marine Corps dropped to a deficit of 525 pilots from a deficit of 24. Severe enlisted losses were

experienced.¹⁵ A deduction from the statistics cited is that the period 1975-1979 is when Service recruiting and retention problems reached unacceptable proportions and put the viability of the AVF at risk. It is also interesting to note that the civilian sector employment picture improved during this period as can be seen from the below chart.

<u>Year</u>	<u>Unemployment Rate Total Population</u>	<u>Unemployment Rate¹⁶ For 16-19 Yr Old</u>
1970	4.9	
1971	5.9	
1972	5.6	
1973	4.9	
1974	5.6	15.6
1975	8.5	20.1
1976	7.7	19.2
1977	7.0	17.3
1978	6.0	15.7
1979	5.8	17.1
1980	7.1	18.5
1981	8.3	20.5
1982	10.5	22.4

It is reasonable to assume that the poor recruiting and retention results were directly related to the better pay available in the civilian marketplace where the number of jobs were on the increase.

The experience of the middle-late 1970s and early 1980s taught the services, OSD, the President and the Congress some fundamental lessons about the correlation between military pay and the recruiting and retention behavior of military members of the AVF. Firstly, if members believe they are being treated unfairly, as was the case in the 1970s, they will express their dissatisfaction by "voting with their feet" and leaving the service. Contrary to previous belief, long periods of service do not appear to be a barrier to departure. Secondly, because members are generally under long-term contracts and active duty service commitments, dissatisfaction will not often be immediately apparent. This retention lag effect also serves to mask the criticality of a pay comparability problem until extensive

damage is done. Thirdly, the loss of experienced personnel due to failure of overall pay to keep pace with private sector wages is irreplaceable in the short-term and erodes readiness for combat. Despite the ideal that our men and women join and stay in the Armed Forces out of patriotism and service to the nation, the facts are that it is decidedly more difficult to maintain the quantity and quality of the AVF during periods when the economy and employment opportunity are improving. Finally, the imposition of pay caps and reallocation of pay raises, in response to short-term influences, are viewed by the servicemember as broken commitments which serve to stimulate his perceptions of inequitable treatment.¹⁷ The appeal of short-term savings which are propounded to be needed inevitably cost more in the long run when it comes time to restore military pay comparability to recoup recruiting and retention losses in an effort to maintain a quality AVF.

The 96th Congress finally intervened to correct the dangerous trends of the 1970s. It took the bull by the horns and made great strides in correcting the inadequacy of military pay by unanimously supporting the 1980 Nunn-Warner Amendment. In so doing, Congress set aside the normal comparability link to PATC for one year and provided, by means of the amendment, a military pay raise of 11.7 percent and a series of additional pay and benefits increases intended to encourage mid-level military personnel to complete their careers and to attract first term enlistments. However, in order to restore the 1972 relationship of military pay to PATC a 17.6 percent increase was required. The Carter administration was initially cool to the Nunn-Warner Amendment when it was being considered by the Senate in January 1980 and would have capped military pay at 9.11 percent, the rate provided to federal civilians. However, the momentum of support in the Congress for the plight of the servicemember and the AVF grew to overwhelming. This was an election year and President Carter, in what some members

of Congress charged was a cynical reversal, finally announced his support for the Nunn-Warner Amendment in an emotional Memorial Day speech aboard the aircraft carrier Nimitz as it returned to Norfolk from extended Persian Gulf duty.¹⁸ In the Uniformed Services Pay Act of 1981, the 97th Congress continued the momentum of restoring military pay comparability. The link with PATC was again broken. In addition to numerous increases in incentive pay and benefits, Congress authorized a 14.3 percent raise in military basic pay, BAO and BAS for all officers and targeted raises for all enlisted ranging from 10 percent for the most junior to 17 percent for the most senior. This Pay Act was signed into law by President Reagan in October 1981 and effectively restored 1972 comparability with the private sector once again. Although it did not make up for the cumulative pay losses of the 1970s servicemember confidence in the national leadership was greatly enhanced.

The snowballing effect of the significant increases in military pay and benefits in 1980 and 1981 on the AVF was electrifying. The dangerous downtrends in recruiting and retention of servicemembers was arrested and attainment of recruiting and reenlistment goals were frequently revised upward until over 100 percent was consistently achieved in both categories. Through September 1982 the AVF manpower picture as reported by all the Services has been conclusively on the mend. One would naturally draw the conclusion that setting straight the inequity of military compensation of the 1970s was the prime factor that tipped the scales favorably to maintain the AVF. However, a relook at the unemployment chart addressed earlier strongly suggests that the souring civilian employment opportunities from mid 1979 until the present time certainly has enhanced the propensity to join or stay in the Armed Forces. In any case, since October 1980, AVF manpower has experienced two plus unprecedented years of getting well.

What are the prospects for the future? A number of factors portend "storm clouds" are on the horizon and are setting the stage for revisiting the manpower exodus of the late 1970s.

It would appear that the most threatening cloud is the Administration's departure from its agenda upon coming to office to reestablish military/civilian pay comparability and to ensure military pay keeps pace with the private sector. The 1982 pay cap of 4 percent by most reliable measurements available was 4 percent less than private sector comparisons for that year.¹⁹ The no increase in pay proposal for October 1983 will greatly exacerbate the slippage. The Congressional Budget Office computes that a pay freeze for FY 84 could drop military pay 11.4 percent below comparability with the private sector as measured by the PATC index. One could postulate that the Office of Management and Budget's perennial plea to cut costs prevailed over an OSD position to provide at least a moderate military pay increase. Secretary Weinberger has vowed to fight for a catch up increase for October 1984. This will be the second consecutive year for such a promise by the Defense Secretary yet the President has not committed himself in advance to any such pay raise. Doctor Korb has projected an October 1984 catch up pay raise to fall somewhere between 10 and 11 percent. He stated that this probably would leave servicemembers about two percent behind the private sector, as measured by the ECI, if wage settlements in industry slow down sufficiently this year.²⁰ It has been reported in the "Times" newspapers, widely read by service people, that DOD officials say it would take as much as a 16.2 percent increase in 1984 to catch up to private industry, based on projected changes in ECI.²¹ The Army, Navy, Air Force and Federal Times newspapers are powerful forces in shaping servicemember

and federal civilian employee opinions. The perception that military pay comparability may be in for another roller coaster ride has been created.

The second storm cloud on the horizon as depicted in the following chart is the decline in the projected population of 17-21 year old males from which the services must compete for the best and the brightest with each other, civilian industry, and the numerous institutions of higher education.

THE SHRINKING MARKET²²
(In Millions)

<u>CY</u>	<u>Military Qualified 17-21 Yr Old Males</u>
1978	10.8
1979	10.8
1980	10.7
1981	10.6
1982	10.5
1983	10.2
1984	9.9
1985	9.6
1986	9.3
1987	9.2

The competition for the higher mental categories of new recruits to man their battle stations on the modern, sophisticated battlefield will increase in the foreseeable future. Hence, the Services' capabilities to achieve enlistment accession quotas presumably will be much more difficult. Such a state of affairs will require additional monies for recruit advertising, enlistment and reenlistment bonuses and the continued taking from the operating forces the most capable officers, SNCOs and NCOs to man the recruiting force.

Frustrating service efforts to draw quality recruits and continue to rebuild a competent mid-level career enlisted force is still another cloud. It is the plans for programmed increases in active duty manpower in the

Services by approximately 200,000 by FY 1988.²³ How can force expansion goals be expected to be achieved despite the negative trends for the AV² mentioned herein?

The penultimate cloud coming over the horizon is the increasing tempo of erosion of the military retirement plan which has been in effect for several decades. Feelings of anxiety and instability among career level officers and more importantly SNCOs are reflected in the constant piecemeal changes by the Congress to the current military retirement plan as a result of budgetary pressures. The current legislative proposals of the Reagan Administration and the Congress promise more of the same and serve to underline the importance of a realistic examination of the military retirement plan with a view toward continuity. The latest in the long line of studies of the military retirement plan is the Fifth Quadrennial Review of Military Compensation (QRMC) which President Reagan has charged to fully examine the current plan. In the view of servicemembers, the President certainly did not so focus the Fifth QRMC view on the retirement plan to continue it as is or increase it.²⁴ Once again charging that the military retirement plan is too generous and must be changed, Representative Aspin, the new chairman of the House Armed Services Subcommittee on Military Personnel and Compensation, recently said he intends to hold hearings on the plan in June 1983. Frequently subjecting the retirement plan to scrutiny and changes creates the perception that still another unfavorable change to military compensation is in the works which will result in the failure of the government to keep faith with the retirement benefits advertised at the time the enlistment or reenlistment contract was made. An argument frequently heard is that those joining the Services and up through about 10 years service do not have retirement benefits in mind. The smarter ones do

and they are the first that are persuaded to leave when conditions are more favorable in the private sector.²⁵

The last storm cloud on the horizon is that one of an upturn in the economy followed shortly by an increase in jobs paying salaries which outpace military compensation. Reaganomics appears to be working. Most economists now agree a corner was turned in January 1983 and the various economic indicators signal that the start of recovery from the recession is underway. This encouraging trend is the subject of frequent commentary throughout the media and has created the perception the nation is on the mend. Perceptions are very important.

So what happens next? If the clouds identified gather into the storm forecast the result will be acid rain on the AVF. A sustained improvement in the economy now widely accepted as real, the declining manpower market, the programmed increase in force structure, continued erosion of the retirement plan and other military benefits and most significantly, the failure of military compensation to maintain comparability with the private sector will place the viability of the AVF at risk. Is this risk worth a one percent savings in the Defense budget? Unfortunately, the Reagan administration, which probably has initiated more positive steps to restore the viability of our nation's Armed Forces and self-esteem in the servicemember since World War II, has swallowed the bait of freezing federal employee pay to ease the short-term budget deficit only to fall into the long-term trap of relearning the lessons of the late 1970s. The Army Deputy Chief of Staff for Personnel in his recent testimony before the House Armed Services Military Personnel and Compensation Subcommittee indicated the threatened pay freeze has started hurting efforts to retain NCOs in the upper mental categories.²⁶ The most technically oriented services, the Navy and Air Force, stand to suffer the most when the job market

expands and could, as experienced in the late 1970s, drastically weaken the Services readiness for combat.

Ultimately, it is the Congress that has the constitutional responsibility to raise and support the Armed Forces. Some influential statesmen disagree with the myopic view of the Administration to freeze military and federal civilian pay. In late March the Democratic-controlled House defied the President and approved an alternative federal budget that, among other things, some not at all good for Defense, included a token 4 percent pay raise for military and civilian employees this October and the next two fiscal years. The measure also would delay next year's cost-of-living adjustments for retirees for only six months instead of twelve months as the President originally proposed then backed off. If approved this action would bring the number of years the military is to have its pay capped to four. The House alternative budget is only the first shot in a many volley contest before a budget approval. Senator Tower, Chairman of the Senate Armed Services Committee, has introduced a bill that would provide a "targeted" 4 percent pay raise for all but the most junior enlisted and officers who would receive no raise. In sum, the members of both the House and Senate Armed Services Committees and Appropriations Committees seem favorably disposed toward providing a token military pay raise. However, no one is prepared to support comparable military compensation in the foreseeable future. The ball remains in the court of the 98th Congress. It must decide the appropriate level of military compensation that should be provided our men and women in the AVF taking in to account the storm clouds identified above vis-a-vis the risk of providing less.

Military professionals are not motivated solely by money. They chose a military career because of some ideal of service to the nation, the appeal of military traditions, comradeship generated by common experiences

of playing on a winning team and for travel, fun, adventure. Our military professionals who provide our national security deserve the personal security of knowing their financial well being will not be eroded by inflation or by the whims of bureaucrats manipulating the national budget for a variety of reasons. Above all they need consistency.

A blueprint for improvement includes decisive action to implement a predictable, stable, pay-adjustment mechanism to assure military members that their pay will be comparable with pay levels in the private sector and that their retirement plan remains secure. The ECI index should be adopted and allowed to function without tampering with it. Compensation levels must also recognize the rigors and sacrifice inherent in military service and that retirement benefits are an important part of the compensation commitment the nation has to its service people. The enactment of a GI Bill similar to House Resolution 1400 introduced by Congressman Montgomery can be trump card to attract and retain men and women in the AVF. Unfortunately, the Administration supports the extension of the 31 December 1989 deadline for GI Bill benefits for those who commenced their active duty prior to January 1977 but does not support enactment of a GI Bill this year. It is doubtful GI Bill legislation will progress any further in the Congress than it has the past two years.

Finally, the increasing costs of maintaining a growing AVF to respond to worldwide commitments requires our nation to reconsider some form of conscription. This volatile issue must eventually be faced, but it alone, among all the issues mentioned herein, should be addressed in a non-election year by a bipartisan Congressional group or blue-ribbon panel. The time to repair the roof of the AVF is now not when the rains come.

President Truman took pride in adopting the oft repeated phrase, "the buck stops here." When it comes to raising and supporting our Armed

Forces and providing them adequate military compensation, the buck begins and stops with the Congress. The AVF and the American people await the verdict of the 98th Congress.

ENDNOTES

1. SECDEF Washington DC Message DTG 260200Z January 83 Subj: FY 1984 Military and Federal Civilian Employees Pay.

2. George C. Wilson, "Military Pay Raise for 84 challenged," The Washington Post, 11 January 1983, p. A1.

The Pentagon recommended a 7.6% pay raise for FY 1984 commencing 1 October 1983 and estimated a raise of 5.5% in FY 1985 to keep even with inflation and pay rates in the civilian economy. As of January 1983 the going rate for each percentage point added to basic pay of the military was \$380 million. The \$238.6 billion defense budget request is taken from the FY 1984 Annual Report of SecDef to the Congress and represents the actual amount of dollars that would flow out of the treasury. This figure does not include the expected supplemental request.

3. David Hoffman and George C. Wilson, "Reagan Plans Move to Reduce Deficits," The Washington Post, 13 January 1983, p. A1.

4. The Report of the President's Commission on an All-Volunteer Armed Force, 1970, US Government Printing Office, Washington DC, p. 166. For a detailed discussion of conscription in America see Chapter 13, pp. 159-166 of this publication.

5. Ibid., p. 164.

6. US Congress, Senate, Committee on Armed Services, Achieving America's Goals: National Service or the all-Volunteer Armed Force? p. 1.

7. The Report of the President's Commission on an All-Volunteer Armed Force, pp. 5-6.

8. Tom Philpott, "DOD Moving From Pay Comparability," Army Times, 14 March 1983, p. 3.

9. Joint Services Report Military Pay Adjustment Mechanism Study, April 1982, pp. i-ii.

10. Ibid., p. 1-1.

11. Ibid., p. vii.

12. Ibid.

13. Ibid., pp. 2-4 thru 2-6.

14. Ibid., p. 2-8.

15. Ibid., pp. 2-4 thru 2-9.

16. US Department of Labor, Bureau of Labor Statistics for years 1970-1980. US News & World Report, 28 February 1983, p. 8, for years 1981-1982. Unemployment rate for 16-19 year old taken from US Army Recruiting Command 1982 Report to the Stockholder, p. 23.
17. "Commitment," Navy Times, 28 March 1983, p. 19.
18. Richard White, "Munn-Warner Package of Military Benefits Approved by Congress," Congressional Quarterly, 30 August 1980, p. 2609.
19. "Paying Soldiers," Army Times, 14 March 1983, p. 19.
20. Tom Philpott, "DOD Moving From Pay Comparability," Army Times, 14 March 1983, p. 3.
21. Ibid.
22. Source: Bureau of Census taken from US Army Recruiting Command 1982 Report to the Stockholder, p. 23.
23. The Organization of the Joint Chiefs of Staff, United States Military Posture For FY 1984, p. 57.
24. "Commitment," Navy Times, 28 March 1983, p. 19.
25. Larry Carney, "Pay Freeze Seen Hurting Bright NCO Re-Ups," Army Times, 14 March 1983, p. 8.
26. Ibid.